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CANADA'S GLOBAL POSITION IN MINING

Canadian Financing of the International Mining Industry

Metals Finance 4th International Conference
Finance for the Global Metals Industry

TORONTO, CANADA
May 7-9, 1997

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ABSTRACT

Canada is the world's leading mineral exploration nation. Recently, Canada has also become a leading supplier of capital for the mining industry, especially through the worldwide exploration programs of Canadian-based junior mining companies. This capital is being raised, not only from investors in Canada, but also from investors residing abroad.

In 1996, the larger Canadian-based mining companies, i.e. those with annual exploration budgets of at least $4 million (US$3 million), were expected to spend $1.3 billion on mineral exploration in Canada and abroad. This represents almost 30%, and the dominant share, of worldwide exploration activity by the world's larger companies. Other Canadian companies, with annual exploration budgets of less than $4 million each, were expected to spend further substantial sums on exploration in Canada and abroad.

Canadian companies have interests in over 8300 mineral properties worldwide, 3400 of which are located in 100 foreign countries. They conduct the largest share of the world's mineral exploration programs, not only in Canada, but also in Latin America and in other countries. Since the early 1990s, the average compound rate of growth in the size of their out-of-Canada exploration budgets has been 45% annually. As a result, the larger Canadian-based mining companies now target about 70% of their exploration budgets abroad.

The larger Canadian-based companies have not only increased their exploration budgets abroad, but also in Canada. At the same time, foreign multinationals have increased their mineral exploration budgets for Canada. As a result, Canadian and foreign companies spent $873 million on exploration in Canada during 1996. In early 1997, there were at least 170 advanced exploration projects underway in Canada. As well, mine development expenditures in Canada have recently increased. For the foreseeable future, two dozen or more new mines are expected to come on stream each year in this country.

Many factors have brought about Canada's dominant position in global mining and mine finance. Decades of accumulated Canadian experience and expertise in geology, geophysics, geochemistry, engineering, mineral production, law, taxation, investment analysis, due diligence, as well as in mineral policy and other disciplines, provide the momentum. The legal framework in Canada for raising funds is conducive to risk taking, to the valuation of mineral assets, and to the buying and selling of those assets among prospectors, investors, developers and producers. Canadian legislation with respect to investment in Canada or abroad makes the tax burden on profits

generated from minerals at least comparable to, if not less burdensome than, that in other mineral producing jurisdictions.

Flow-through shares, a unique provision of the Canadian tax system, resulted in large amounts of financing being raised for mineral exploration in Canada, especially in the late 1980s. This attracted many experienced geoscience professionals from senior companies to junior mining companies, which resulted in a substantial increase in exploration activity in Canada. As a result, in 1987 and 1988, mineral exploration expenditures in Canada rose to over $1 billion annually.

The stock market crash of October 1987, and the coincident introduction of tax reform in Canada, left a large number of newly-formed companies, and a large contingent of experienced geoscience and other professionals, ready to respond to the many mineral investment opportunities resulting from the growing worldwide process of democratization that started in Chile, and that was further propelled by the fall of communism, and the liberalization of laws and regulations in a large number of developing countries.

Many Canadian companies had long-standing experience with foreign mining projects, but substantial improvements to the mineral investment climate worldwide lessened the risks of developing the large, but often little-explored, mineral potential known to exist abroad. Coincidentally, Canada had a well-developed financial services industry, such that financing the expansion abroad of Canadian mining companies, and of juniors in particular, was a natural extension of the expertise residing in this country.

In 1996, almost $9 billion of domestic or foreign-currency issues of equity or debt financing were raised in Canada for mining projects around the globe. More financing appears to have been raised in Canada for the mining industry than in any other country. Alone, mining companies listed on the Vancouver Stock Exchange raised a record $1.5 billion in equity, mainly for exploration. In addition, over 100 new mining companies, some based abroad, were listed on Canadian stock exchanges during the year. New mining operations are also being financed from Canada, but this activity is not addressed specifically in this paper.

Globalization of the mining industry is still proceeding, and Canadian companies, because of their experience and expertise, are well positioned to continue to respond to the opportunities that are being created. Moreover, there now exist unprecedented opportunities for companies that provide goods and services required by exploration and producing companies to follow their domestic customers abroad and to significantly expand the geographic scope of their businesses.

Good Morning, Ladies and Gentlemen.

Over a relatively short time period, Canada has become the world's leading mineral exploration nation. Recently, Canada has also become a leading supplier of capital to the mining industry, especially through the exploration programs of Canadian-based junior mining companies.

- The organizers of this conference have asked us to discuss Canada's increasing mining presence worldwide, and how this growth is being financed from Canada.

- In that context, we would like to address four main topics today:

  - the factors that encourage mining investment flows into or out of Canada;

  - the extent of Canada's global mining presence;

  - the capacity for raising, in Canada, the large amounts of capital required by the global mining industry; and,

  - some of the implications of globalization.

FACTORS THAT ENCOURAGE CANADIAN MINING INVESTMENT

Some Factors Contributing to Canada's Dominant Position in Mining and Mine Finance

- Diversity of Skills and Expertise
- Canadian Regulations
- Knowledge of Foreign Mineral Potential

SOME FACTORS CONTRIBUTING TO CANADA'S DOMINANT GLOBAL POSITION IN MINING AND MINE FINANCE

Canada's dominant global position in mining and mine finance has been made possible by a strong base in Canada.

- In the first instance, there exists in Canada a large number of individuals with a wide range of experience and expertise in geology, geophysics, geochemistry, engineering, mine production, law, taxation and finance.

- All of these skills, combined with a stable framework of securities, tax and other legislation, serve the industry well.

- Canada has the ability to manage and organize investment and economic growth based on minerals.

- In Canada, it is relatively easy and inexpensive for companies to acquire crown-owned mineral lands for exploration.

- The Canadian legal system has developed checks and balances which are conducive to raising risk capital. The ability of individuals or companies to obtain title to mineral rights, and to be able to benefit from the value represented by such rights, is central to the Canadian system.

- The ability to buy and sell mineral properties and, therefore, to transfer value, ensures the liquidity essential to risk taking.

- The concept of escrowed shares, and other aspects of securities regulations, are important to the protection of investors, while making it possible for small mining companies to get established.

- Importantly, of course, senior companies based in Canada have, for a long time, had operations outside of this country; and, knowledge about the mineral potential abroad resides with Canadians in all aspects of the industry.

Tax Rules Facilitating Canadian Investment Abroad

- Deductibility of Interest
- Tax-Free Repatriation of Earnings from Foreign Subsidiaries
- Deductibility of Foreign Exploration and Development Expenses

TAX RULES FACILITATING CANADIAN INVESTMENT ABROAD

A number of Canadian tax rules facilitate Canadian investment abroad.

- Canadian rules allow the deductibility of interest incurred by borrowing, whether in Canada or offshore, for investment in foreign subsidiaries, while intercorporate dividends are exempt from Canadian income tax.

- Profits generated by subsidiaries operating in a country with which Canada has a tax treaty can be repatriated free of Canadian income tax.

- Canadian companies that invest directly in foreign mining projects and incur exploration and development expenses, can deduct, under certain conditions, up to 100% of these expenses.

- Canadian rules allow the pooling of exploration and development expenses, rather than requiring property-by-property or country-by-country accounting. As a result, proceeds from the sale of foreign resource properties can be sheltered against Canadian tax by the total amount of unclaimed foreign exploration and development expenses.

Tax Rules Facilitating Foreign Investment into Canada

- No Restrictions on Foreign Exchange, or on the Repatriation of Profits from Canada
- Incorporating a Business Directly Related to Mining Results in Canadian Resource Tax Treatment
- Tax-Free Repatriation of Equity Capital
- Low and Declining Withholding Tax Rates

TAX RULES FACILITATING FOREIGN INVESTMENT INTO CANADA

Canadian tax rules also facilitate the movement of capital into Canada.

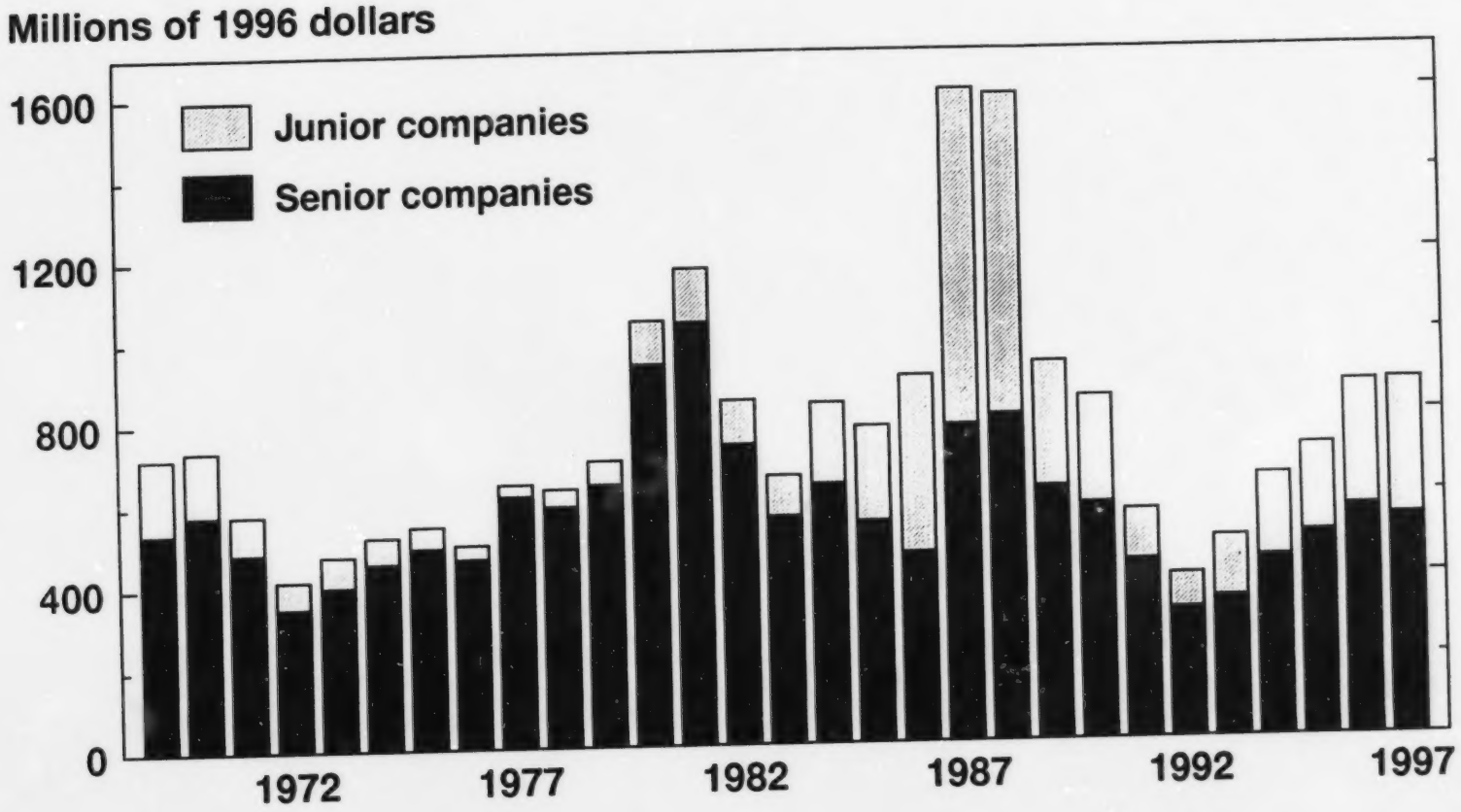
- In Canada, there are no foreign exchange or currency controls; there are no restrictions on borrowing from abroad, nor on the remittance of dividends, profits, interest or royalties from Canada.

- Foreign investors can gain access to special Canadian tax incentives by incorporating a business, called a principal-business corporation, that is directly related to mining activities in Canada.

- Under certain conditions, and to the extent that they do not exceed invested capital, remittances by foreign affiliates of Canadian corporations are not considered to be profits for purposes of income tax.

- Finally, Canada actively follows the worldwide thrust of the Organization for Economic Cooperation and Development (OECD) to reduce the rate of withholding taxes, and it is party to tax treaties with many countries that allow foreign investors to repatriate profits from Canada, subject to low or to no withholding taxes.

Exploration Expenditures in Canada



Sources: Natural Resources Canada, based on Federal-Provincial Survey of Mining and Exploration Companies.
The data for 1996 are preliminary; those for 1997 data are company intentions.

EXPLORATION EXPENDITURES IN CANADA

Flow-through shares, which are a unique provision of the Canadian tax system, have provided significant impetus to the globalization of Canada's junior mining sector.

- In 1954, the Canadian government created the provisions of flow-through shares to allow the transfer of tax deductions between companies with a view of assisting them to finance their projects in Canada.

- Later, as a result of the federal budget of April 1983, investors became eligible to deduct exploration expenses (and related depletion allowances) against any income, whereas, previously, such deductions were only possible against resource income.

- Consequently, investment by individual taxpayers in exploration activity began to increase substantially.

- From 1983-84, flow-through share financing in Canada doubled each year such that, in 1987, over $1 billion (1996 dollars) of flow-through share financing was raised for mineral exploration in Canada.

- The stock market crash of October 1987, and the subsequent tax reform (which was undertaken in Canada after the somewhat unexpected and speedy conclusion of tax reform in the United States), brought a large number of exploration projects in Canada to a halt.

- There followed a short-lived Canadian exploration incentive program, introduced on January 1, 1989, which was subsequently abolished in 1990.

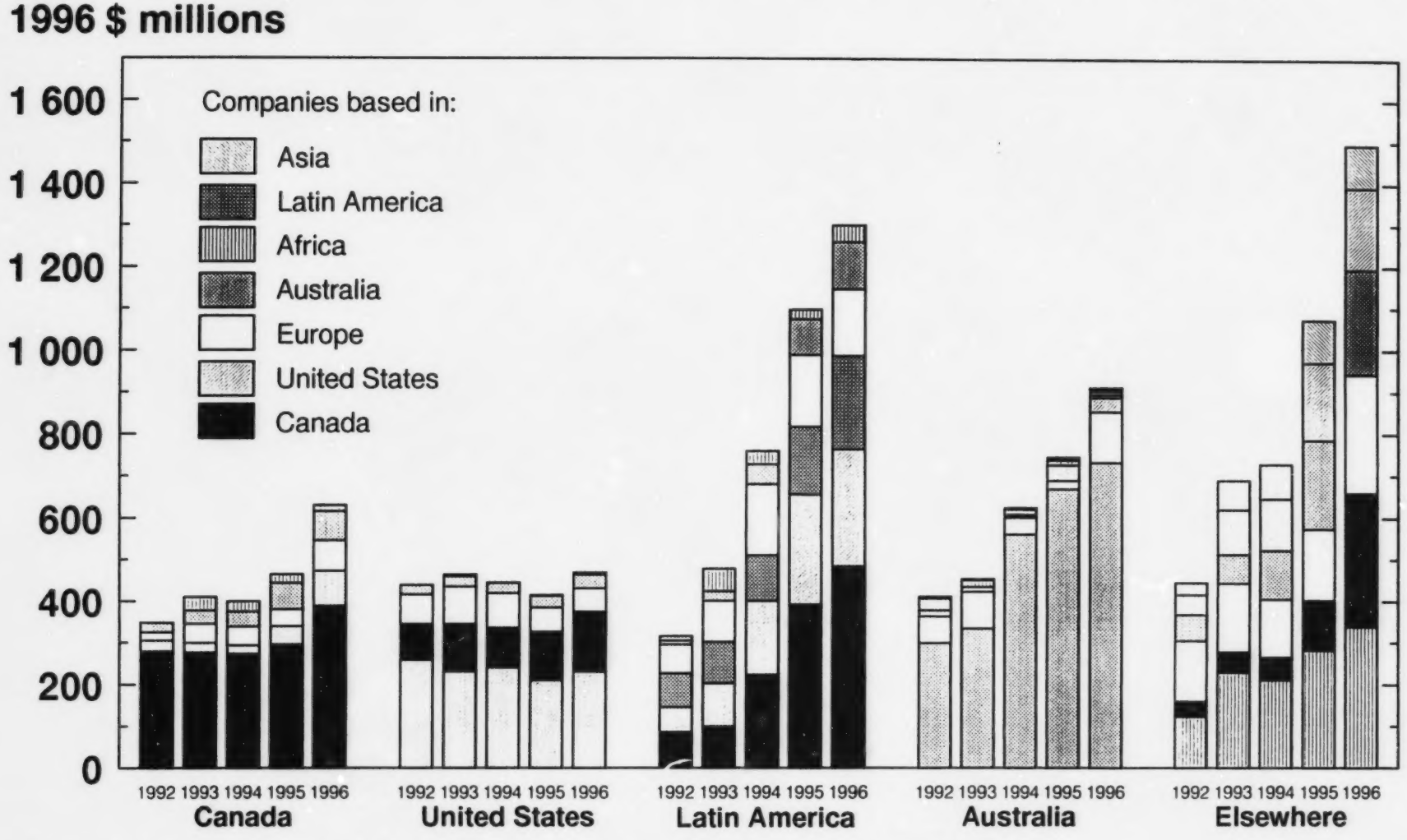
- Nonetheless, in 1996, more than $150 million in flow-through shares was expected to be raised in Canada.

- Two significant results of flow-through shares are particularly relevant to the topic of this conference: Many new junior mining companies were established in Canada as a result of the large amounts of financing raised, and many seasoned professionals were hired away from senior companies.

- In the late 1980s and early 1990s, the investment climate improved in many developing countries, and the pool of exploration talent residing in Canadian junior mining companies was ready to seize the growing exploration and development opportunities that were arising around the globe.

THE GLOBALIZATION OF THE CANADIAN MINING INDUSTRY

Exploration Budgets of the World's Larger Companies, by Region



Source: Natural Resources Canada, based on data from Metals Economics Group, Halifax.

Note: "Larger companies" are defined as those planning to spend $4 million ($US 3 million) or more per year on exploration.

EXPLORATION BUDGETS OF THE WORLD'S LARGER COMPANIES, BY REGION

Canada has become the World Leader in Mineral Exploration

- In 1996, the 94 larger Canadian-based companies (i.e. those companies which were each planning to spend more than $4 million on exploration), were expected to spend some $1.3 billion in total on mineral exploration, in both Canada and elsewhere around the world. This amount excludes the hundreds of Canadian juniors that each spend less than $4 million annually on exploration, but which, collectively, were expected to spend well over $300 million in Canada in 1996, plus a significant additional amount outside of Canada.

- In 1996, the larger Canadian-based companies planned to spend at least $958 million on exploration outside of Canada.

- This represents 70% of their worldwide exploration budgets, and is up from about 40% in 1992.

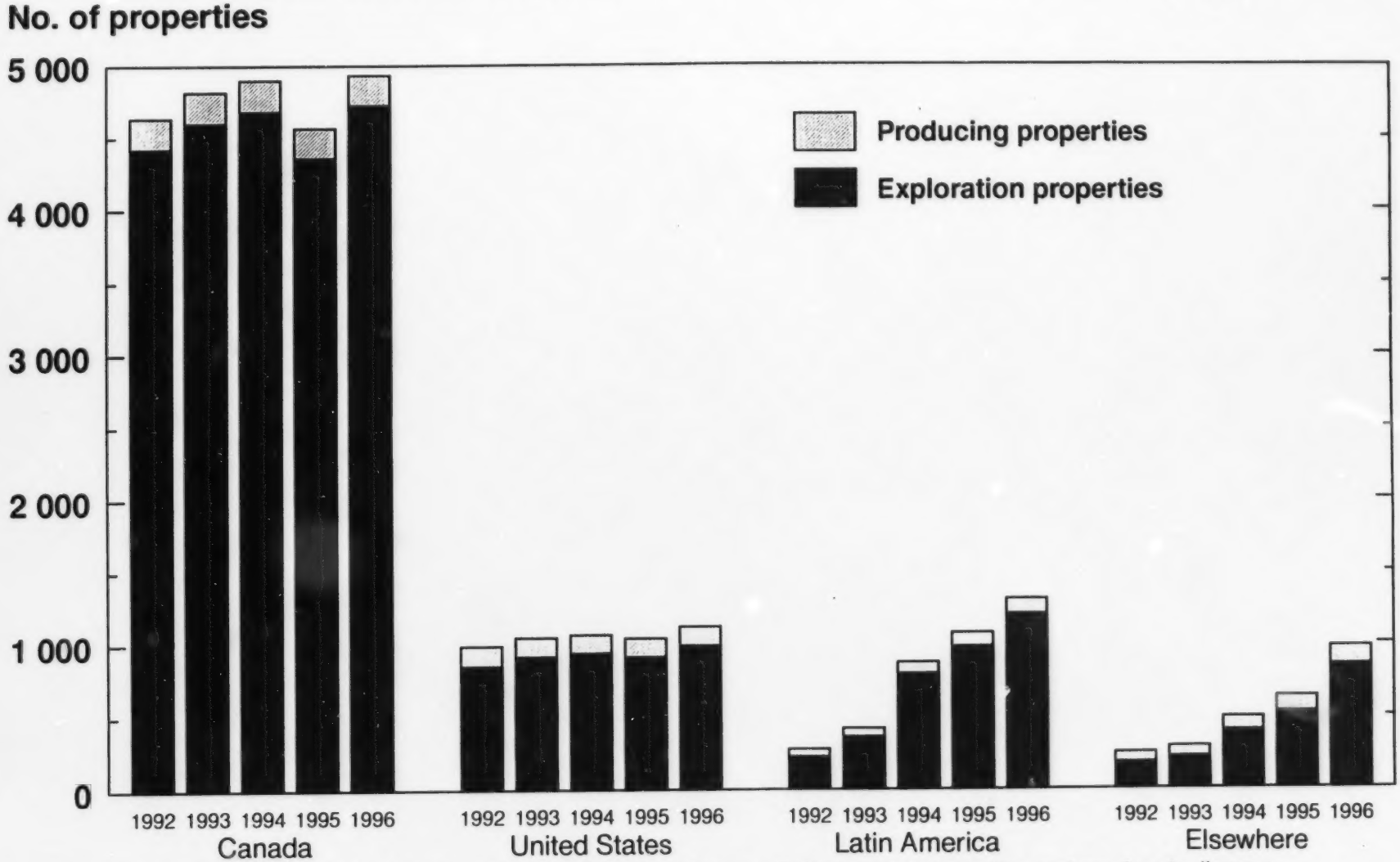
- Also in 1996, these larger Canadian-based companies were expected to carry out almost 30% of the exploration programs planned by all of the world's larger mining companies, representing the dominant share of such programs worldwide.

- Over the past 5 years, the aggregate annual budgets of the larger Canadian-based companies for exploration abroad have increased at an average annual compound rate of 45%.

- Canadian-based companies conduct more exploration in Canada and Latin America than the companies based in any other nation, and they are major players in the United States, Africa, Southeast Asia and elsewhere around the world.

Canadian Mineral Property Portfolio Worldwide

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

CANADIAN MINERAL PROPERTY PORTFOLIO WORLDWIDE

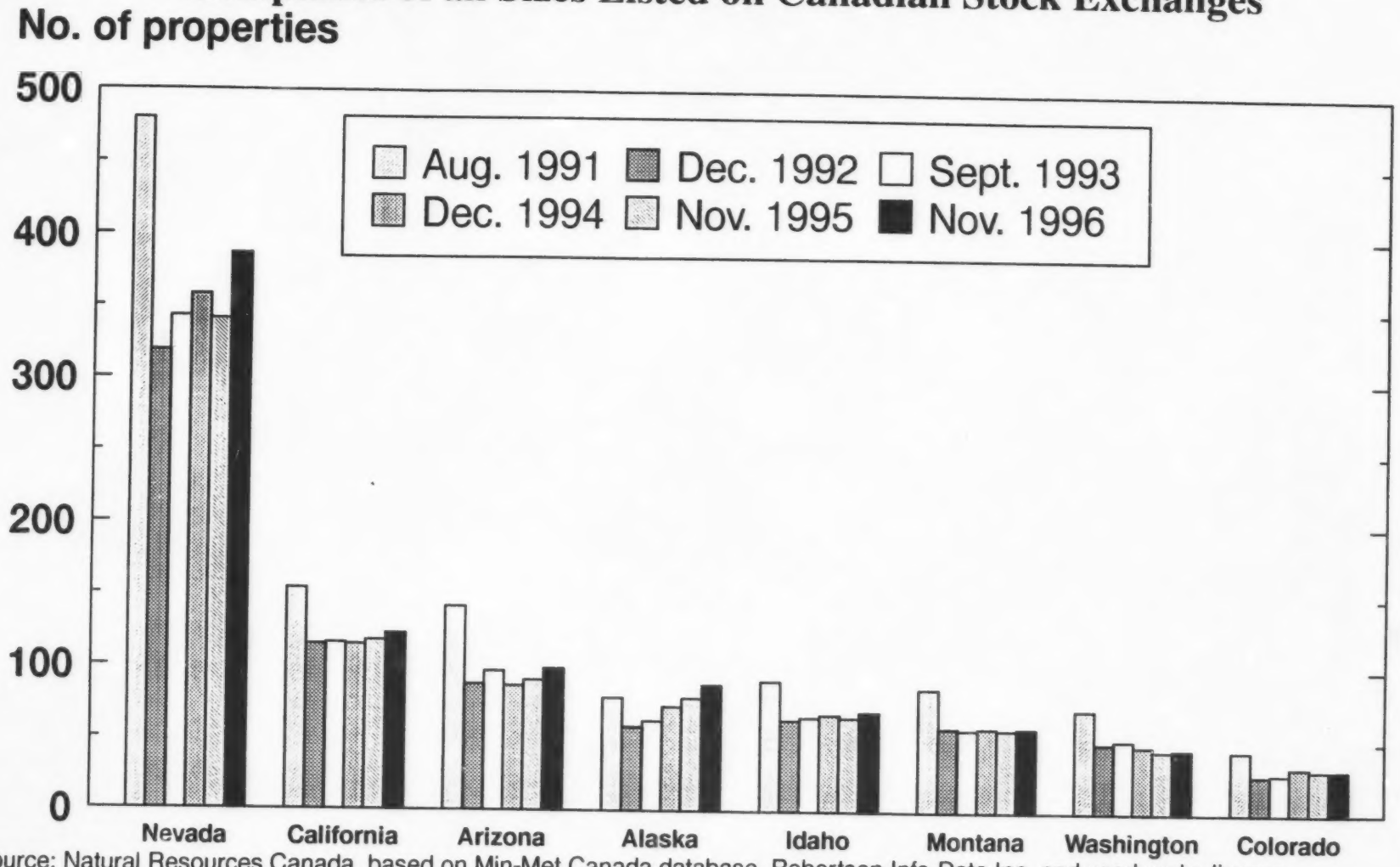
Following the recession of the early 1990s, Canadian mining companies expanded all over the world.

- At the beginning of 1997, Canadian companies of all sizes had interests in a portfolio of some 3400 foreign mineral properties throughout the world.
- During 1996 alone, the portfolio of mineral properties held by Canadian companies abroad grew by 650 properties.
- About 90% of Canadian mining properties abroad are at the exploration stage.
- Since the early 1990s, the average annual compound rate of growth in the acquisition of foreign mineral properties by Canadian companies has been over 20%.
- As a result, Canadian companies are now active in more than 100 countries around the world.

Canadian Mineral Property Portfolio in the United States

States Accounting for 80% of Canadian Holdings

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

CANADIAN MINERAL PROPERTY PORTFOLIO IN THE UNITED STATES

Prior to the exploration rush to Latin America in the early 1990s, the United States had been, for many years, the principal focus of Canadian mining companies.

- Although the United States has now been eclipsed by Latin America, there are nonetheless more than 400 Canadian mining companies operating in 34 of the 50 states in the United States.

- In 1996, the larger Canadian-based companies planned to spend more than $140 million on exploration in the United States.

- The budgets of Canadian companies represent over 30% of the world's larger-company exploration programs in the United States.

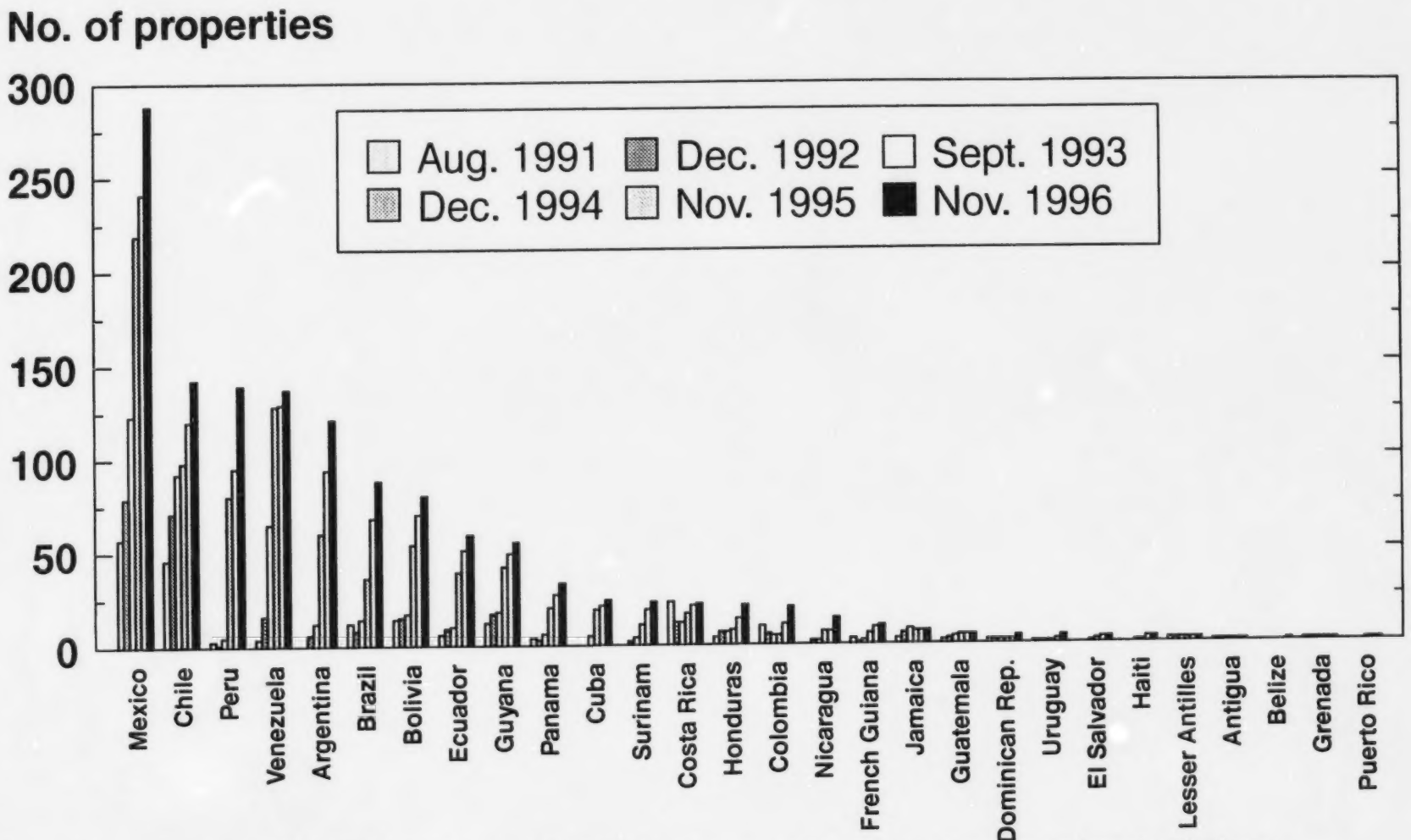
- Canadians currently hold about 1100 mineral properties in the United States, which represent approximately one-third of all the properties that they hold abroad.

- Most of the projects of Canadian companies in the United States are located in the western states of Nevada, California, Arizona, Alaska, Idaho, Montana, Washington, Colorado and Utah.

- Nevada alone accounts for more than one-third of the Canadian property portfolio in the United States, where the focus is on the Carlin and other gold trends.

Canadian Mineral Property Portfolio in Latin America and the Caribbean

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

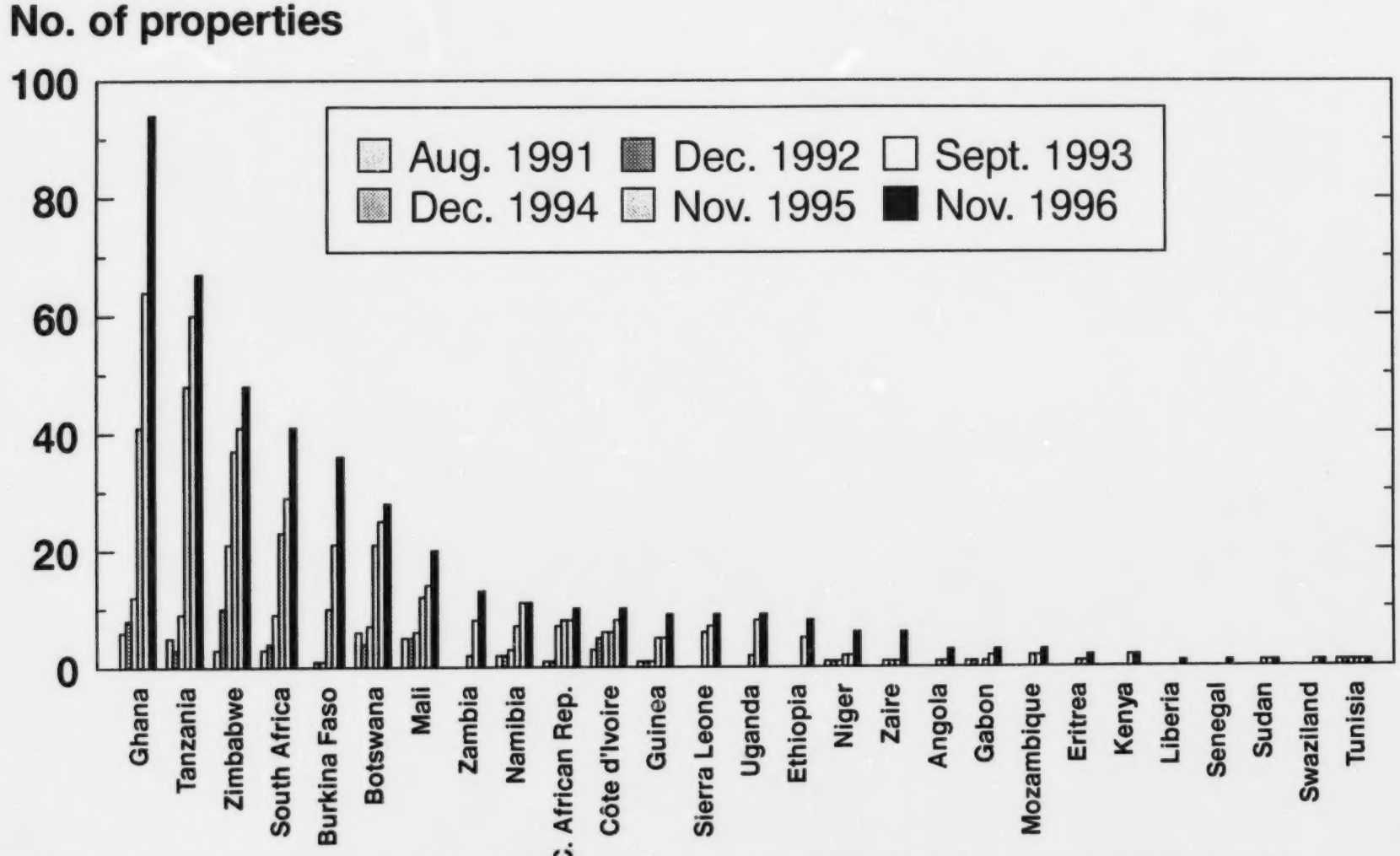
CANADIAN MINERAL PROPERTY PORTFOLIO IN LATIN AMERICA AND THE CARIBBEAN

Canadian-based companies conduct more than 35% of the larger company exploration programs in Latin America, the largest share, by far, in that region of the world.

- In 1996, the larger Canadian-based companies were expected to spend almost $490 million on exploration in Latin America and the Caribbean.
- Canadian exploration budgets for Latin America have grown at an average annual compound rate of over 50% between 1992 and 1996.
- At the end of 1996, there were at least 260 Canadian mining companies active in South America, 120 in Mexico, and 90 in Central America and the Caribbean.
- In 1996, the number of mineral properties held by Canadian companies in Latin America surpassed, for the first time, the number held in the United States.
- Canadians held more than 850 properties in South America, 280 in Mexico and 140 in Central America and the Caribbean.
- Canadian companies planned some of the world's largest exploration programs in Latin America and the Caribbean: Barrick in Chile, Bolivar Goldfields in Colombia, Placer Dome in Costa Rica, KWG in Cuba and Haiti, Eldorado Gold in the Dominican Republic, Greenstone Resources in Honduras, Triton Mining in Nicaragua, Teck in Panama, Cambior in Surinam, and Rea Gold in Uruguay.
- In this region, Mexico continues to be the country that attracts the most Canadian companies.
- In 1996, the larger Canadian-based companies planned to spend more than $70 million on exploration in Mexico alone, about 40% of the programs planned by all companies in that country.
- Between them, Farallon Resources and Teck planned to spend more than $25 million in that country.
- At the end of 1994, when we last counted, Canadian companies were present in at least half of Mexico's 31 states.

Canadian Mineral Property Portfolio in Africa

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

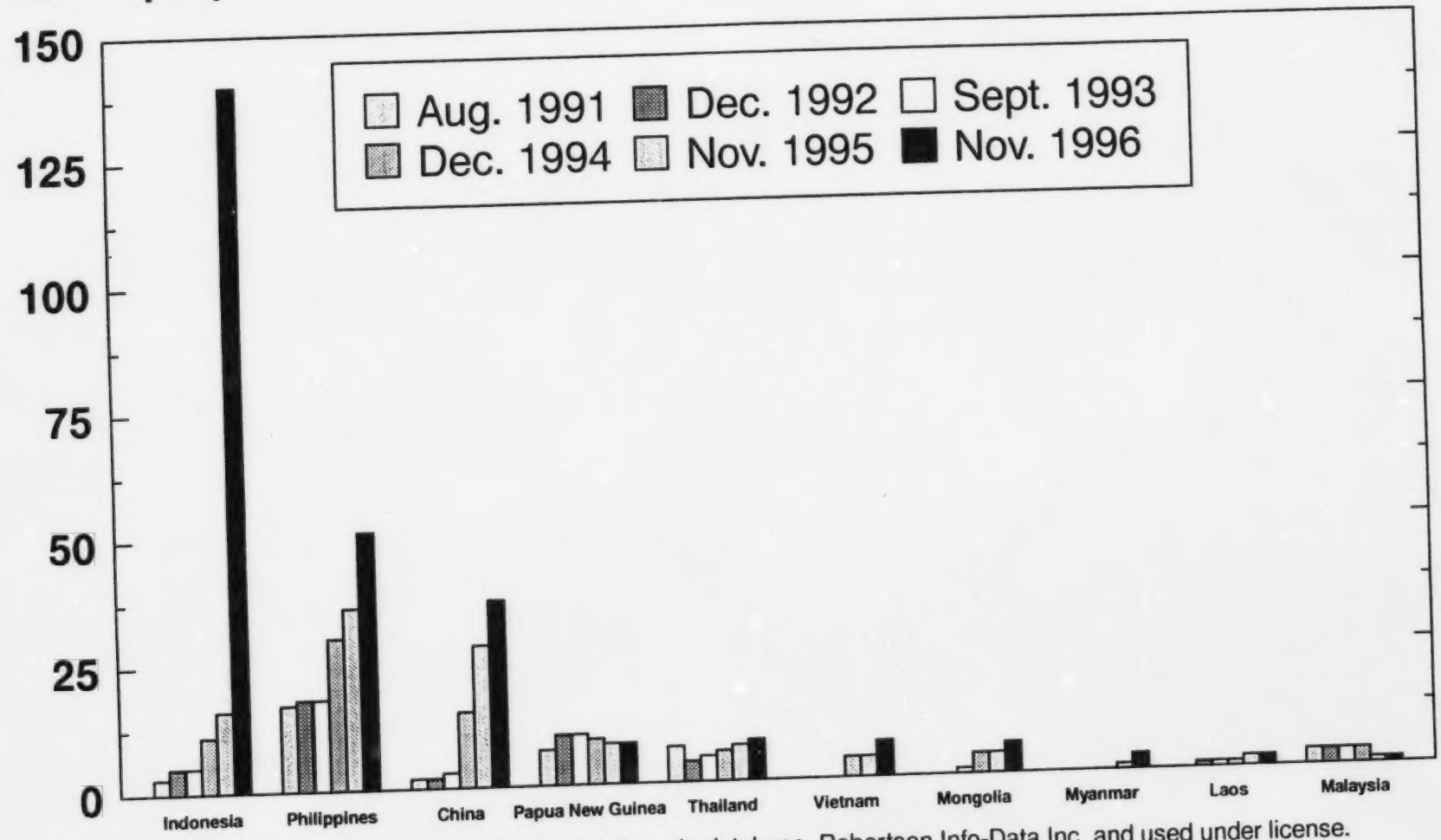
CANADIAN MINERAL PROPERTY PORTFOLIO IN AFRICA

Between 1992 and 1996, the number of properties held by Canadian companies in Africa increased at an average annual compound rate of 75%.

- In 1996, the larger Canadian-based companies planned to spend over $110 million on exploration in Africa.
- This represents twice what they had budgeted in 1995, and it is also equivalent to about 20% of all of the larger-company exploration programs on the African continent.
- At the end of 1996, there were more than 170 Canadian mining companies in Africa with interests in over 440 mineral properties, located in 27 countries.
- Canadians held almost 100 properties in Ghana and almost 70 in Tanzania, 40 or more in each of South Africa, Zimbabwe and Burkina Faso, and 20 or more in each of Botswana and Mali.
- At least 15 Canadian-based companies planned mineral exploration programs, each valued at $1 million or more, in Africa - mainly in West African countries, as well as in Tanzania and Zimbabwe.

Canadian Mineral Property Portfolio in Asia

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

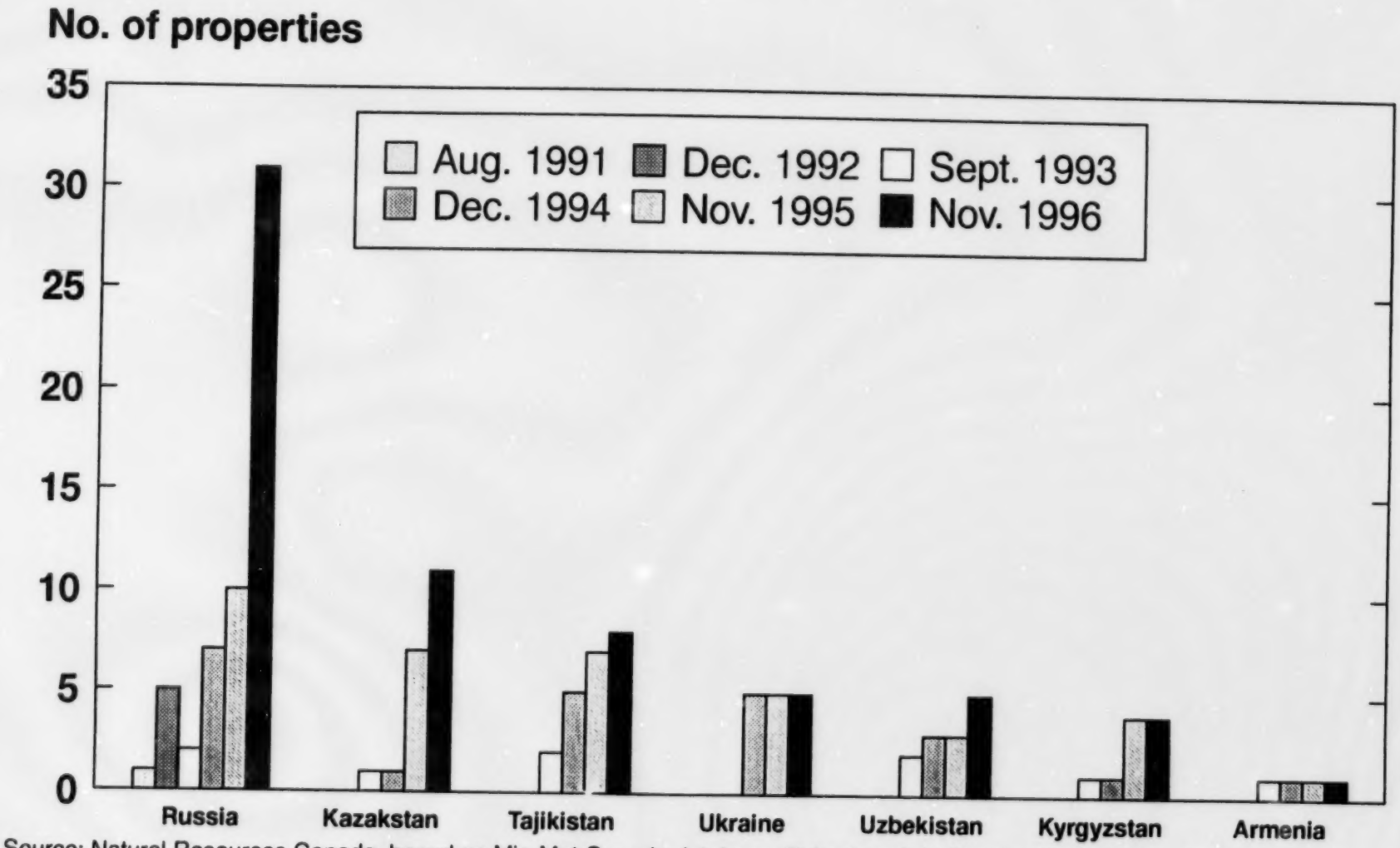
CANADIAN MINERAL PROPERTY PORTFOLIO IN ASIA

Recently, Canadian companies have created an exploration boom in Southeast Asia.

- At the end of 1996, there were some 150 Canadian companies active in eight countries of South East Asia or in China.
- In 1996, Canadian companies held interests in almost 270 properties in the region, compared with 110 in 1995, a dramatic increase over the space of one year.
- The larger Canadian-based companies planned to spend at least $120 million on exploration in the region during 1996, equivalent to about 30% of the total exploration programs conducted there.
- At the end of 1996, there were about 100 companies from Canada active in Indonesia, up from only a dozen a year earlier, and they had interests in 140 properties in that country, up from fewer than 20 only one year earlier.
- The larger Canadian-based companies were expected to spend $90 million in Indonesia during 1996.
- The Philippines continue to attract Canadian companies and, at the end of 1996, there were over 20 of them active there, with interests in over 50 mineral properties.
- China is also of growing interest to Canadian companies. At the end of 1996, there were about 20 Canadian companies with interests in almost 40 mineral properties in that country.
- The majority of Canadian projects in China involve gold.

Canadian Mineral Property Portfolio in the Former Soviet Union

Companies of all Sizes Listed on Canadian Stock Exchanges



Source: Natural Resources Canada, based on Min-Met Canada database, Robertson Info-Data Inc. and used under license.

CANADIAN MINERAL PROPERTY PORTFOLIO IN THE FORMER SOVIET UNION

Over the past few years, there has been a significant growth in Canadian participation in mineral opportunities afforded by countries of the Former Soviet Union.

- The larger Canadian-based companies were expected to spend at least $45 million on exploration in the Former Soviet Union during 1996, equivalent to about 40% of the exploration activity in that region.

- In late 1996, there were over 40 Canadian companies with interests in 65 mineral properties in seven countries of the Former Soviet Union.

- The strategy of most of the Canadian companies appears to be, for now at least, to target a single country.

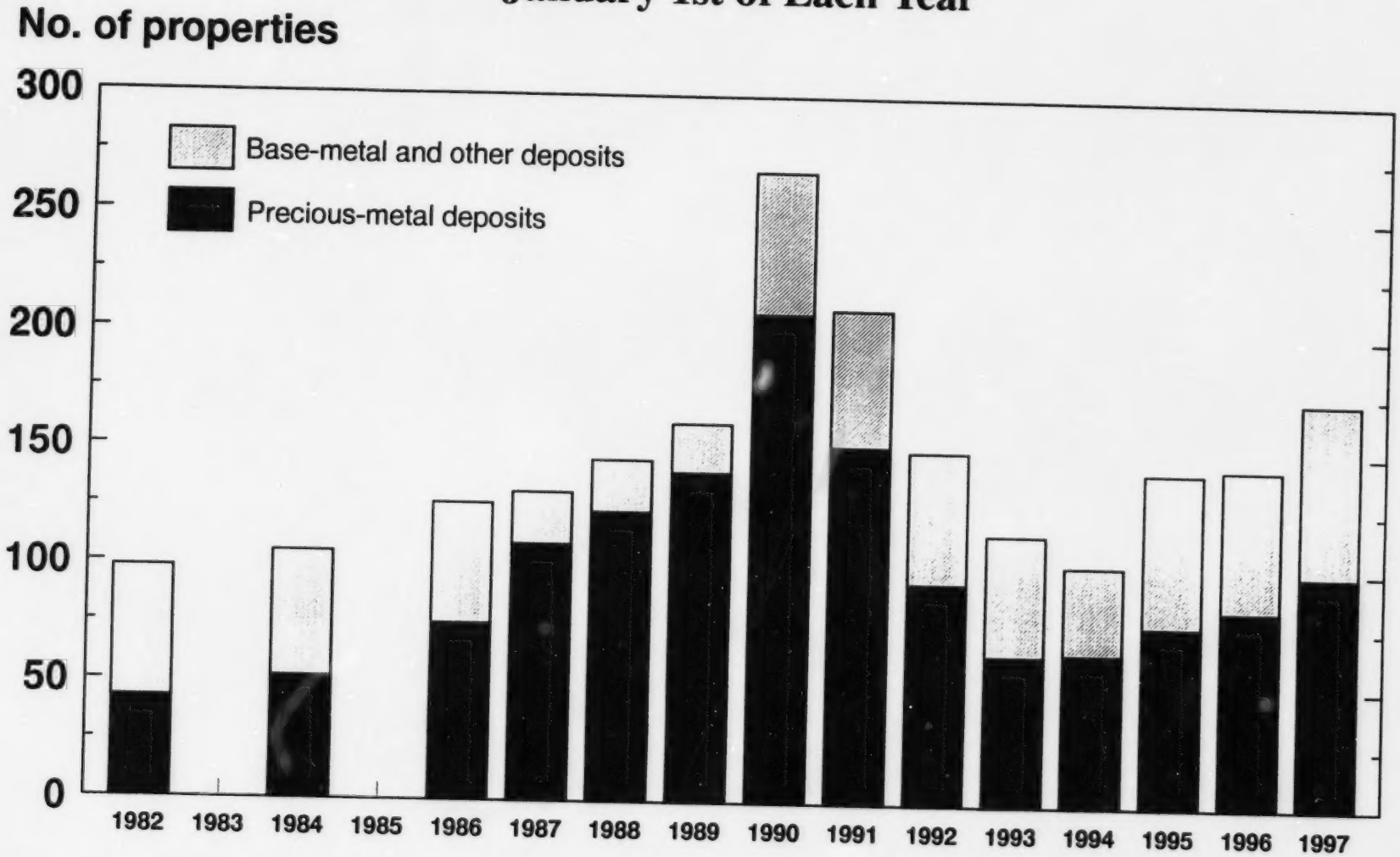
- Russia appears, by far, to be the region of the Former Soviet Union where Canadian companies are the most active.

- During 1996, the number of mineral properties held by Canadian companies in Russia increased threefold to 30. There are now at least a dozen Canadian companies active in Russia.

- Gold, and to a lesser extent, diamonds, are the main Canadian exploration targets in that country.

Mineral Deposits Undergoing Active Appraisal in Canada

January 1st of Each Year



Source: Natural Resources Canada, based on company reports.

MINERAL DEPOSITS UNDERGOING ACTIVE APPRAISAL IN CANADA

While Canadians have been expanding their mineral exploration activities abroad, exploration activity in Canada has also increased.

- Total mineral exploration expenditures in Canada in 1996 were $873 million.

- These expenditures take into account all of the companies operating in Canada, including the hundreds of small ones based in this country.

- In 1996, exploration planned for Canada by the larger companies was valued at over $630 million or about 13% of all the larger-company exploration programs expected to be carried out worldwide, and 70% of the total exploration activity in Canada.

- It is important to note that globalization is not only proceeding in the direction of developing countries. In fact, the world's multi-nationals are diversifying their mineral property portfolios throughout the world, including into Canada. During 1996, the larger foreign-based companies increased their budgets for Canada by almost 45% compared with the previous year.

- As a consequence, large foreign-based multi-nationals were expected to spend over $240 million in Canada in 1996.

- The best known foreign project in Canada is, no doubt, BHP's new diamond mining operation in the Northwest Territories, but the number of other advanced projects in Canada also increased appreciably during 1996.

- In fact, in early 1997, there were at least 170 gold, base-metal, and other mineral projects undergoing technical and economic appraisal towards a production decision in Canada. As well, development expenditures in Canada have been increasing. As a result, for the foreseeable future, there are likely to be more than two dozen new mines coming into production each year in Canada.

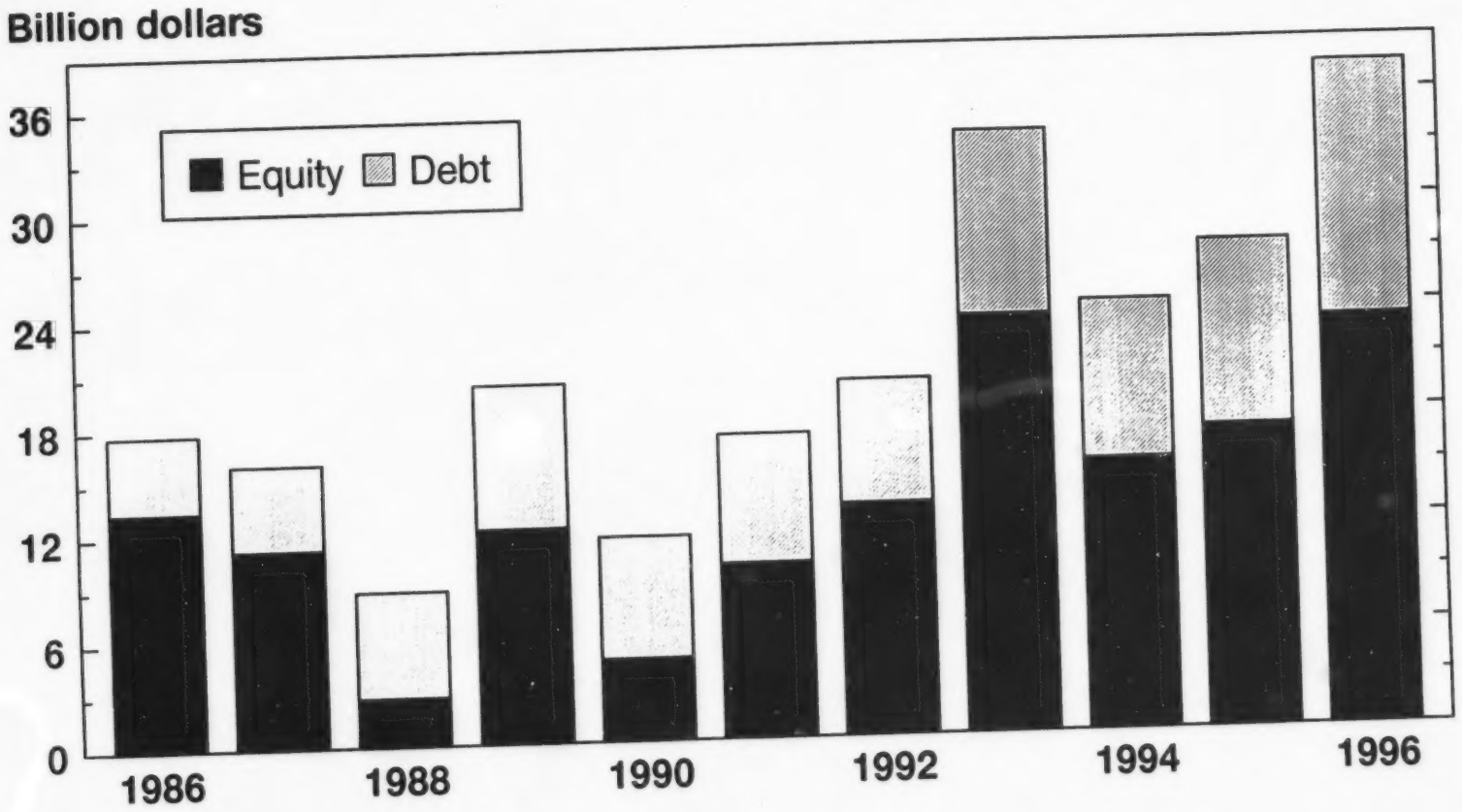
- With this picture of the globalization of the Canadian mining industry, we would now like to turn to Canada's financial services industry and to its role in making Canada a leader in mining around the world.

CANADIAN FINANCING OF THE GLOBAL MINING INDUSTRY

Corporate Financing Through Canadian Securities Markets

Canadian Dollar Issues

All Industries



Source: Natural Resources Canada, based on data from the Investment Dealers Association of Canada.

CORPORATE FINANCING THROUGH CANADIAN SECURITIES MARKETS - CANADIAN DOLLAR ISSUES FOR ALL INDUSTRIES

The expansion of the Canadian mining industry abroad has been facilitated by the success of the Canadian financial services industry in raising large amounts of capital from Canada and elsewhere.

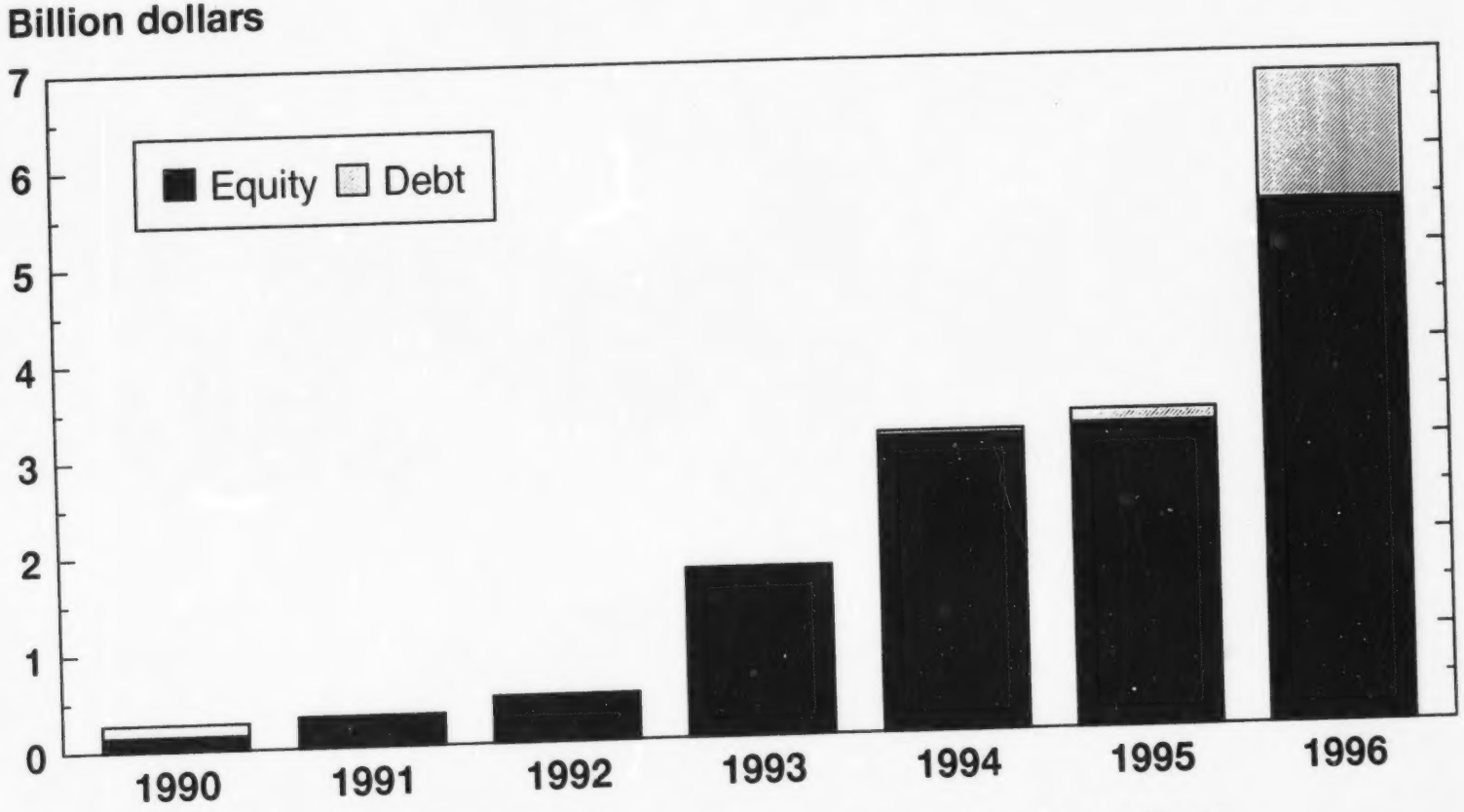
- In 1996, a record $37 billion was raised in Canadian-dollar issues through Canadian securities markets to finance companies of all kinds.

- Equity financing accounted for more than 60% of the total raised in Canadian-dollar issues through Canadian securities markets during that year.

Corporate Financing Through Canadian Securities Markets

Canadian Dollar Issues

Mining Companies



Source: Natural Resources Canada, based on data from the Investment Dealers Association of Canada.

CORPORATE FINANCING THROUGH CANADIAN SECURITIES MARKETS - CANADIAN DOLLAR ISSUES FOR MINING COMPANIES

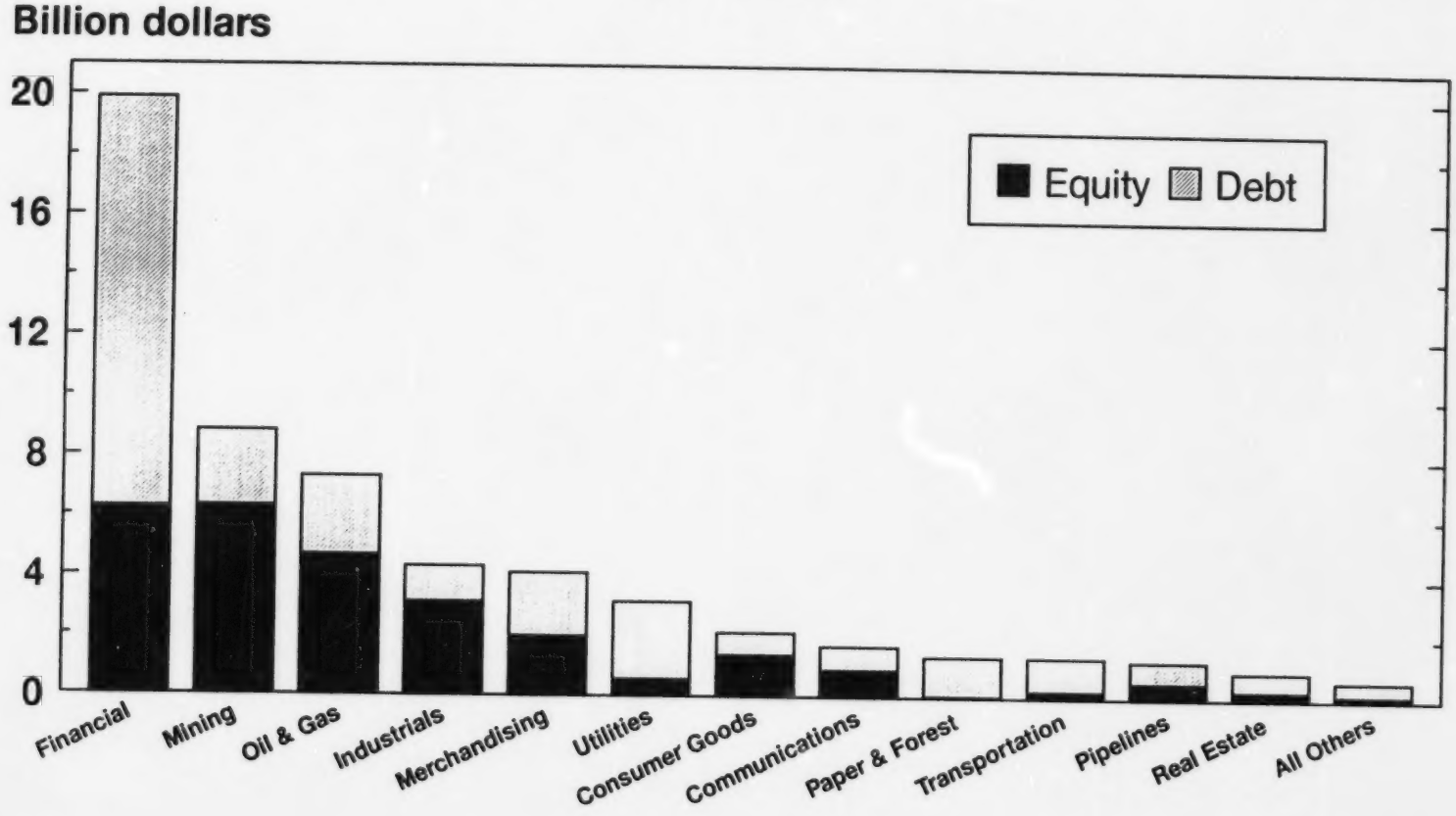
During 1996, almost $7 billion was raised in Canadian dollar issues through Canadian securities markets to finance the domestic and foreign projects of Canadian mining companies.

- This amount of the financing raised for mining in 1996 was also an all-time record.
- Of the total Canadian-dollar issue financing raised for mining during 1996, $5.5 billion was in the form of equity, and $1.3 billion was in the form of debt.
- The amount of equity financing raised for mining during 1996 accounted for about one-quarter of all Canadian-dollar equity issues raised in Canada; in the case of debt, however, mining accounted for less than 5%.

Corporate Financing in Canada, 1996

Canadian Dollar and Foreign Currency Issues

$57 Billion



Source: Natural Resources Canada, based on The Financial Post, January 25, 1997, page 23.
Note: "Financial" includes trust units for other industries such as $480 million for the Luscar Coal Income Fund.

CORPORATE FINANCING IN CANADA, 1996 - CANADIAN DOLLAR AND FOREIGN CURRENCY ISSUES

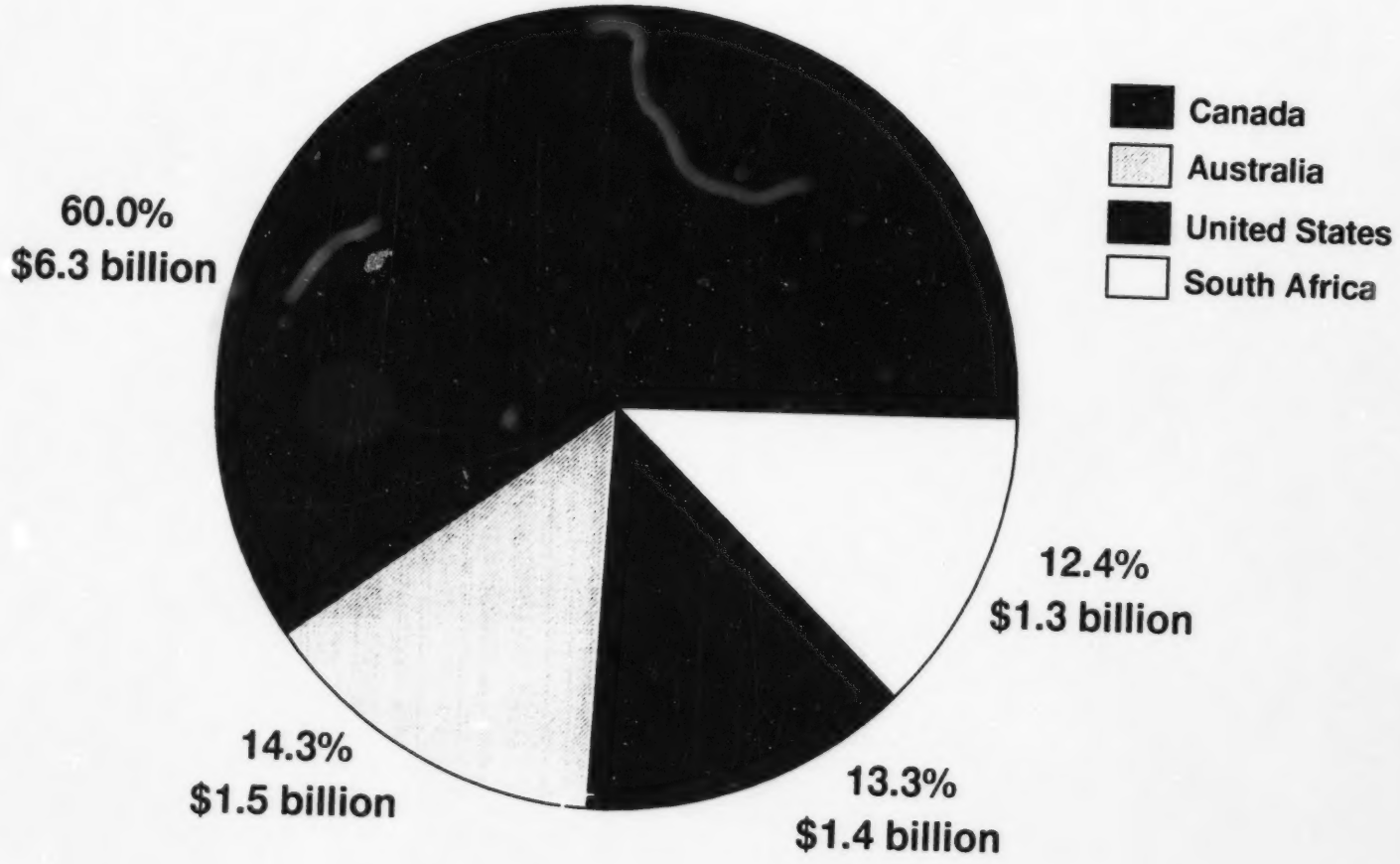
In 1996, more Canadian-dollar and foreign-currency equity financing was raised for the mining industry than for any other industry in Canada.

- In 1996, only the Canadian financial industry raised more capital than the mining industry.

- Special financial products such as trust units related to mining companies are allocated to the financial industry by The Financial Post DataGroup. As a result, the actual amount of Canadian-dollar and foreign-currency issues for mining was even larger, in 1996, than the $8.8 billion indicated here.

Sources of Equity Financing for Mining Companies, 1996

$10.5 Billion



Source: Natural Resources Canada, based on The Financial Post, January 25 and March 4, 1997 issues.
Note: Data for the United Kingdom and other countries are not available.

SOURCES OF EQUITY FINANCING FOR MINING COMPANIES, 1996

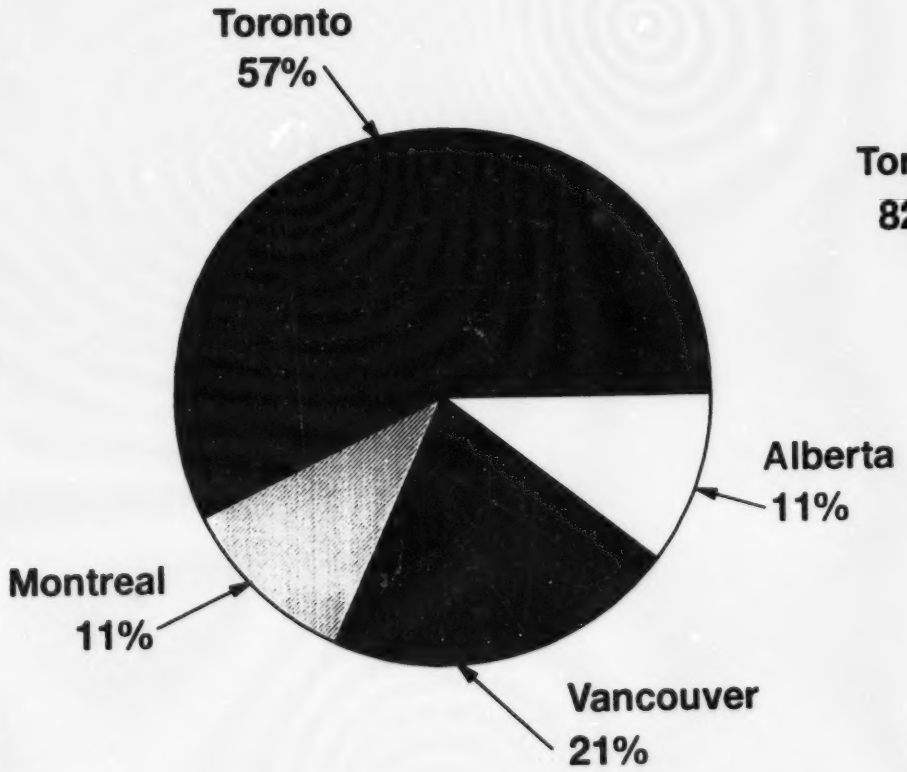
The available statistics show that, in 1996, Canada raised more equity capital for mining than any other major mining nation.

- The Canadian financial services industry appears to have raised more equity capital for the mineral industry than was raised in Australia, the United States and South Africa combined.

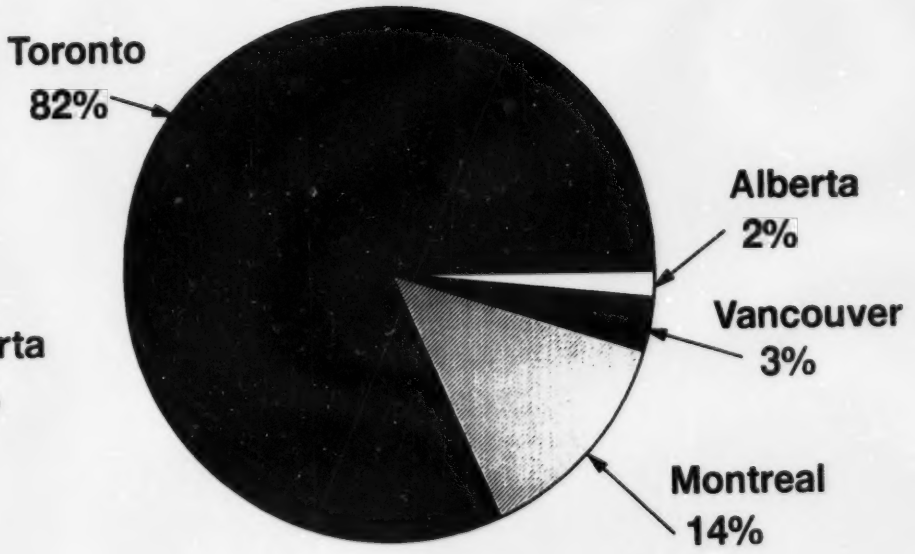
- During 1996, $1.5 billion in equity capital is reported to have been raised in Australia; $1.4 billion in New York; and, $1.3 billion in South Africa.

- In fact, Canada may have led the world in raising capital for the mining industry since at least the early 1990s.

Volume and Value of Trading on Canadian Stock Exchanges, 1996



Volume - 39 Billion Shares



Value - $369 Billion

Source: Natural Resources Canada, based on the Alberta Stock Exchange Annual Review, 1996, page 3.

VOLUME AND VALUE OF TRADING ON CANADIAN STOCK EXCHANGES, 1996

Canada has four separate exchange auction systems that compete to list and trade the stocks of mining companies.

- In 1996, more than 39 billion shares of all types of companies were traded on Canadian stock exchanges, with a value of $369 billion.

- At the end of 1996, there were about 1400 mining companies listed on Canadian stock exchanges. More than 800 companies were listed on the Vancouver Stock Exchange (VSE), about 300 on the Toronto Stock Exchange (TSE), about 150 on the Alberta Stock Exchange (ASE) and about 140 on the Montreal Exchange (ME).

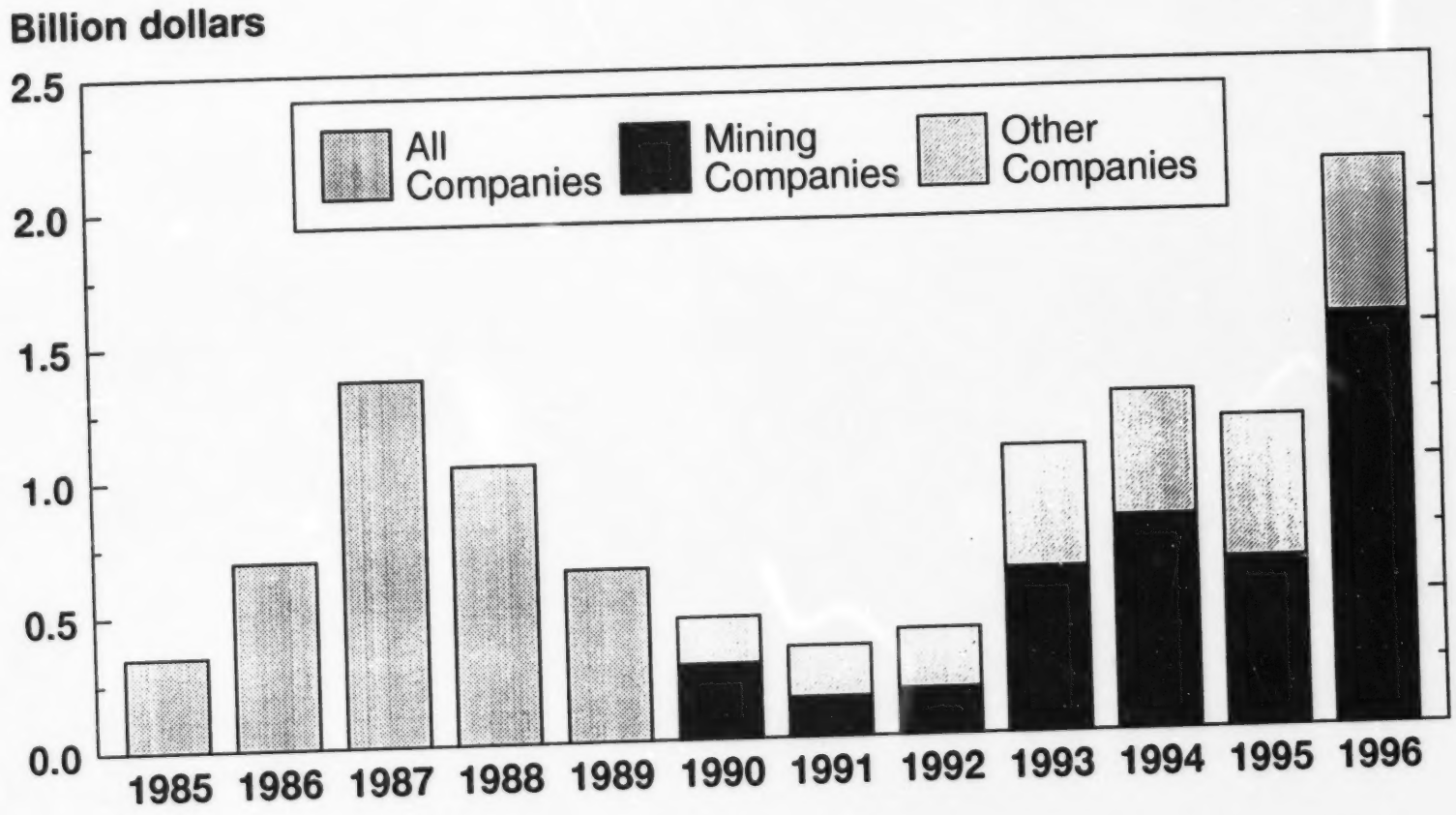
- Mining companies account for more than half of the companies listed in Vancouver, about one-quarter of those listed in Montreal, and about one-fifth of those listed in Toronto and Calgary.

- Many mining companies are listed on more than one Canadian stock exchange, and several are also listed in the United States on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automated Quotation System (NASDAQ). Others are also listed in Europe.

- In addition to four auction stock exchanges, Canada also has one negotiated dealer market, the Canadian Dealing Network Inc. (CDN), that provides a market for the shares of unlisted mining companies.

- There are more than 150 mining companies trading on the Canadian Dealing Network.

Financing Raised by Companies Listed on the VSE



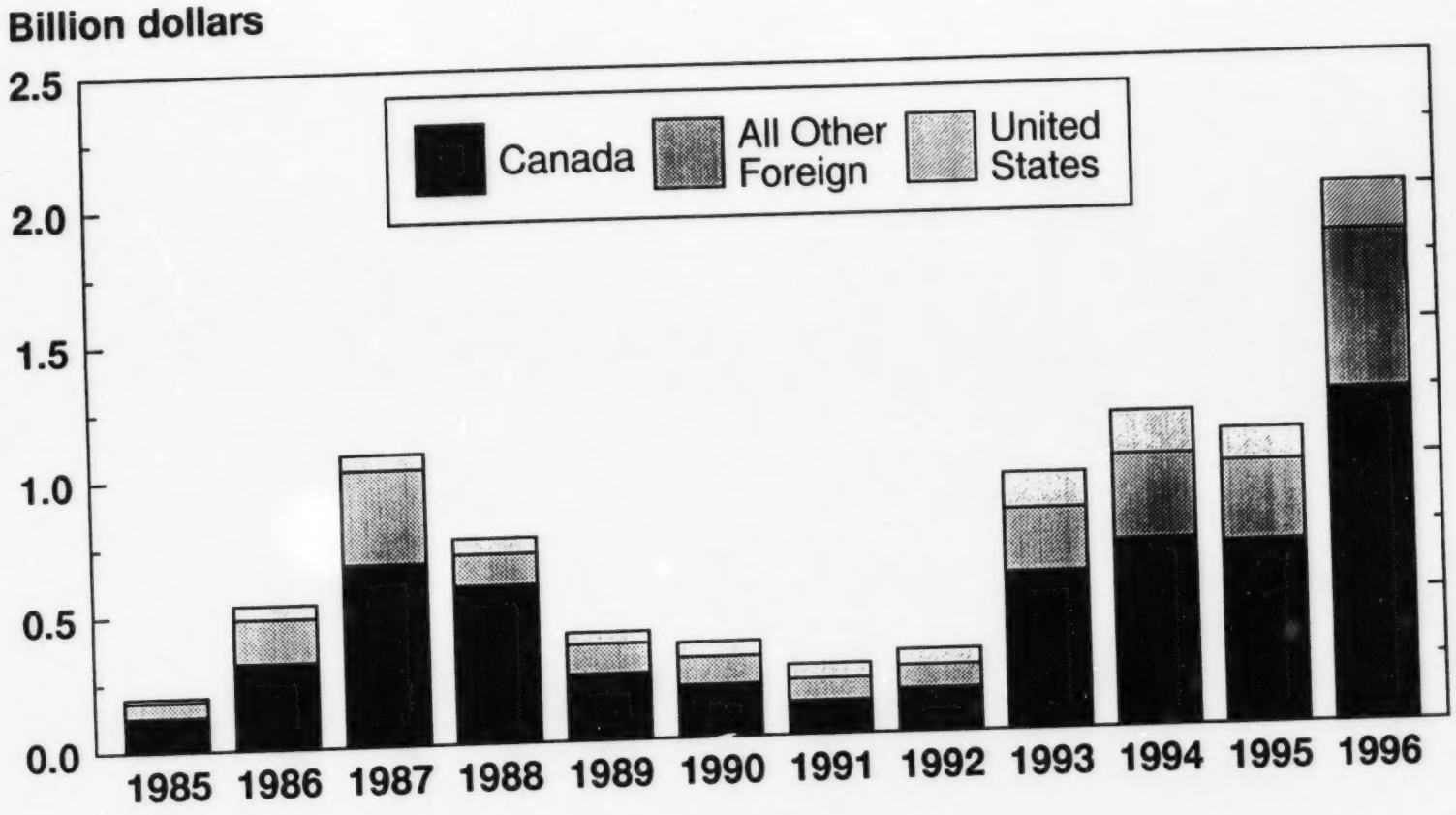
Source: Natural Resources Canada, based on the VSE Statistics Book.
Note: Data for mining companies for 1985 through 1989 are not available.

FINANCING RAISED FOR COMPANIES LISTED ON THE VSE

The Vancouver Stock Exchange is the world's leading source of venture capital.

- During 1996, a record $2.1 billion of financing was raised for all types of companies listed on the VSE.
- Of that amount, $1.5 billion, or 70%, was raised for mining companies.
- Since 1993, the amount of capital raised each year for all types of companies has been over $1 billion, and the last time that comparable amounts were raised was during the peak of flow-through share financing in 1987 and 1988.
- Some 90% or more of the financing raised on the VSE is raised through private placements with sophisticated investors based in Canada or abroad.
- Private placements are also the dominant vehicle for raising capital for companies listed on the ASE.

Sources of Private Placement Financing for Companies Listed on the VSE



Source: Natural Resources Canada, based on the VSE Statistics Book.

SOURCES OF PRIVATE PLACEMENT FINANCING FOR COMPANIES LISTED ON THE VSE

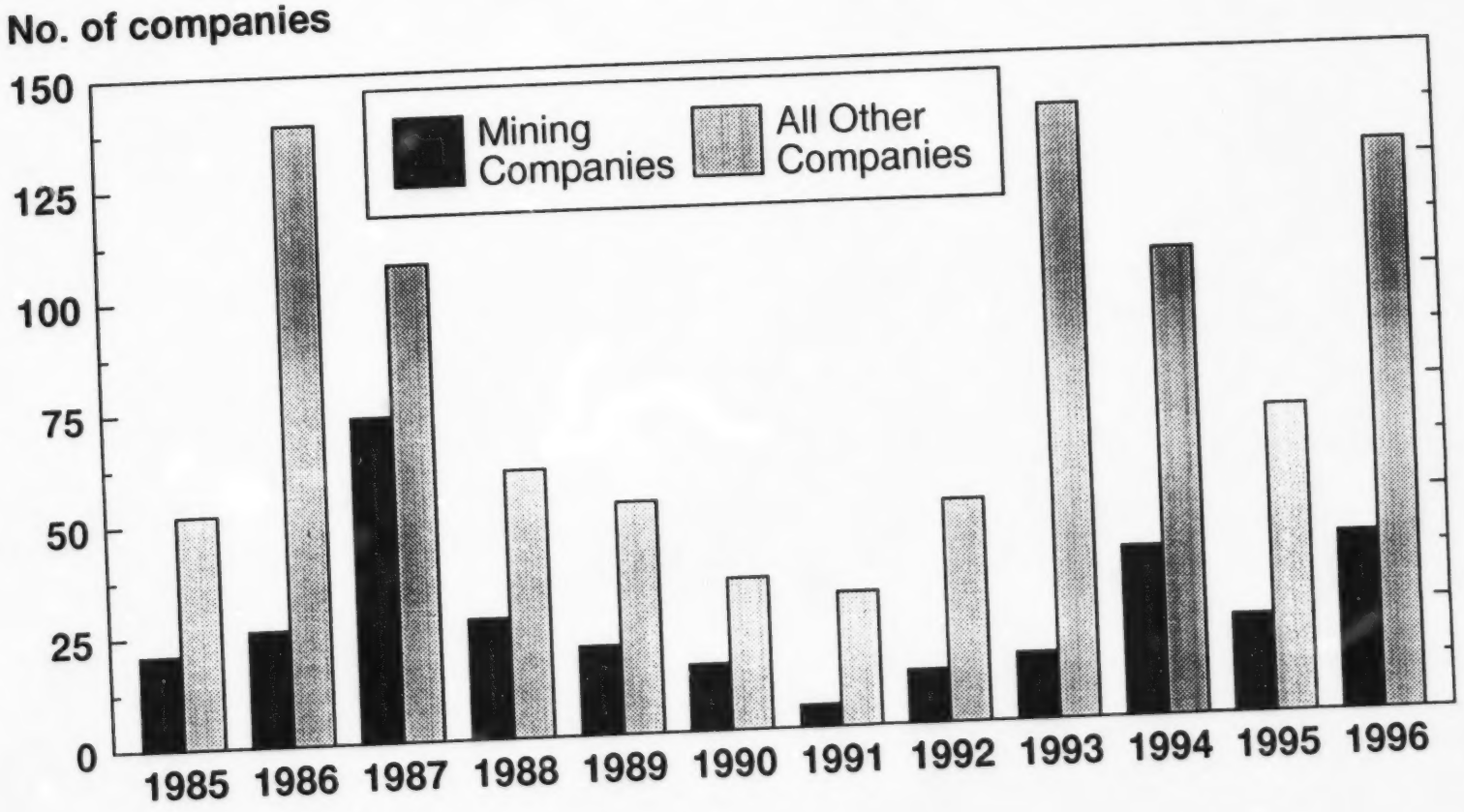
The Canadian financial services industry has been very efficient in bringing Canada's junior mining sector to the attention of investors in Canada, the United States, Europe, Asia and elsewhere.

- Foreign investors have been a growing source of funds for Canadian-based resource companies.

- Financing for companies listed on the VSE from all geographic sources has been growing since 1993, but financing from investors based outside of North America has had a particularly strong growth.

- Historically, about 60% of the private placements for companies listed on the VSE have been supplied by Canadian investors, and the other 40% has been supplied from abroad.

New Company Listings on the TSE



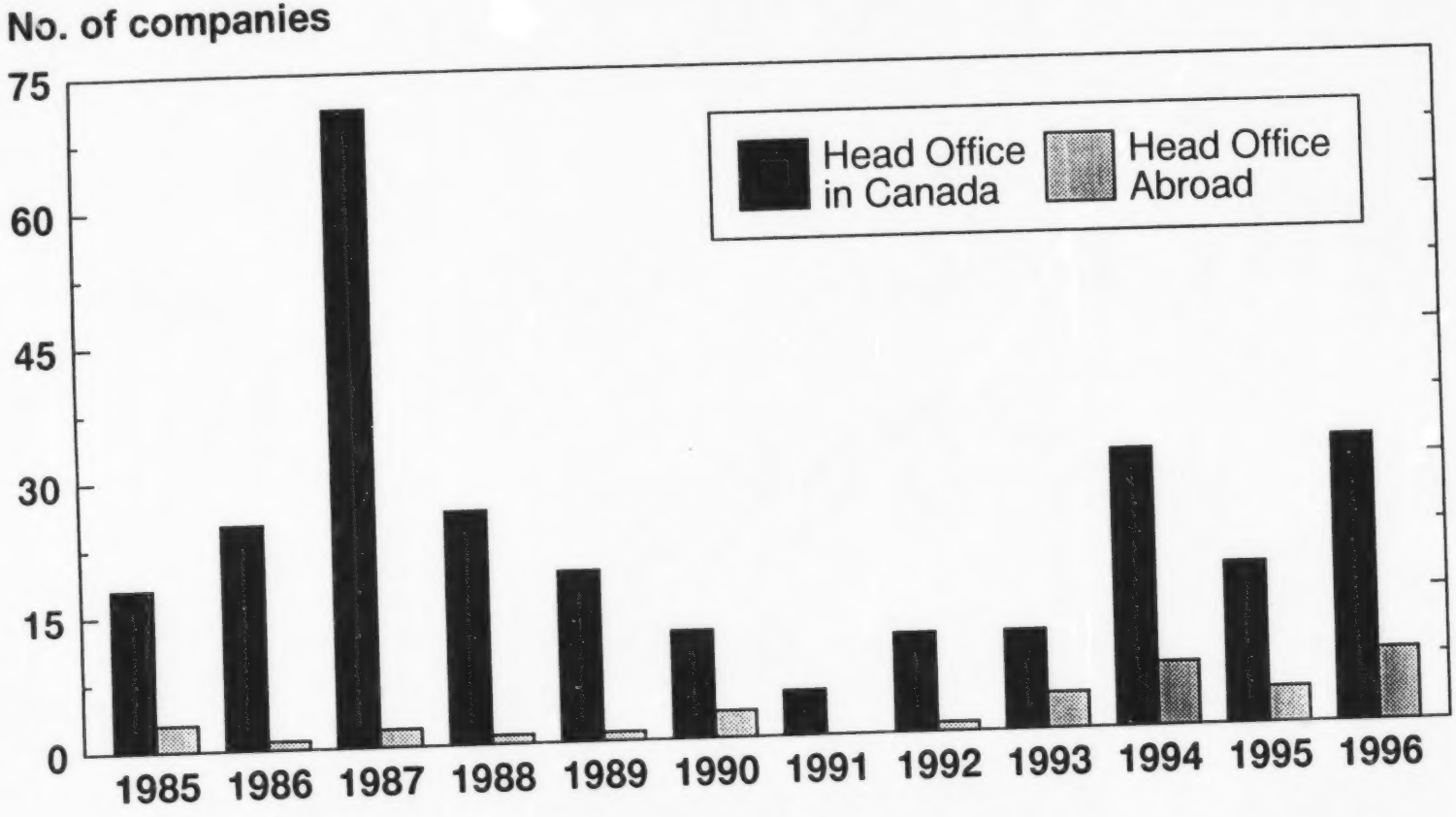
Source: Natural Resources Canada, based on the TSE Review.

NEW COMPANY LISTINGS ON THE TSE

Canadian stock exchanges are listing record numbers of new mining companies.

- Since 1992, all of the stock exchanges in Canada have been increasing their listings of mining companies.
- During 1996, over 100 mining companies were newly listed on Canadian stock exchanges.
- The TSE listed about 40 new mining companies during 1996, the largest number of any Canadian stock exchange during that year, and the largest annual number on that exchange since 1987.
- A number of these companies are graduates of the VSE or of the ASE.

Location of Head Offices of New Mining Companies Listed on the TSE



Source: Natural Resources Canada, based on the TSE Review.

LOCATION OF HEAD OFFICES OF NEW MINING COMPANIES LISTED ON THE TSE

An increasing number of foreign-based mining companies are listing on Canada's stock exchanges.

- During 1996, at least eight mining companies with headquarters located outside of Canada were listed on the TSE.

- The increase in foreign listings is attributable, in part, to the large pool of capital available in Canada, to the liquidity made available to investors by Canadian stock exchanges, and to the visibility brought to mining companies by Canadian mining analysts.

- With this sketch of Canada's mining and financial industry, we would now like to draw a few conclusions.

CONCLUSIONS

CONCLUSIONS

- If current international trends in the flow of ideas, technology, capital, labour and equipment continue, then mineral deposits will be exploited almost exclusively in those locales where they have a comparative economic advantage.

- There are plenty of mineral resources to be developed around the globe and, if long-term mineral-commodity price increases are not on the horizon, the emphasis will continue to be on deposits with the lowest production costs for which permits can be obtained.

- Labour rates are likely to increase in those countries in transition, and environmental standards, mining laws and mining regulations will also become more uniform throughout the world.

- There is no end in sight to the globalization of the mining industry, and the expansion of the Canadian mining industry abroad is likely to continue, for the foreseeable future, in Latin America, Africa, the Former Soviet Union and elsewhere around the globe.

- In the early 1990s, certain groups in Canada were concerned with what they saw as disinvestment in the mining industry in Canada; now, the longer-term economic benefits to Canada of globalization are becoming more widely recognized.

- Because of their knowledge and expertise, Canadian mining companies are well positioned to continue to take advantage of the opportunities that are resulting from improvements that are continuing to take place in the mineral investment climates of many nations.

- More recently, the Canadian financial and legal services industries have responded most effectively to the challenges and opportunities brought about by the globalization of the Canadian mining industry, and the need to raise large amounts of risk capital.

- For many years, Canadian companies in areas such as geology, geophysics, geochemistry, law, due diligence, accounting and engineering have operated abroad. Current and future activities will result in many new mines and, therefore, in an increased demand for goods and services to support mineral title work, exploration, mine construction and subsequent mineral production.

- The globalization of the Canadian mining industry is providing unprecedented scope for companies, based in this country, that specialize in goods and services required by exploration and producing companies to expand their businesses abroad.

- Ladies and gentlemen, thank you for your attention.